COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

NOTICE OF GAS COST ADJUSTMENT   )
FILING OF JOHNSON COUNTY GAS   ) CASE NO. 10415-P
COMPANY, INC.   )

                    O R D E R

On April 24, 1991, the Commission issued its Order in Case No. 91-004 approving adjustments to the rates of Johnson County Gas Company, Inc. ("Johnson County") on a quarterly basis in accordance with the provisions of the Gas Cost Adjustment ("GCA") Clause set forth therein.

On December 1, 1993, Johnson County filed its quarterly GCA, which is to become effective January 1, 1994 and is to remain in effect until April 1, 1994.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Johnson County's notice of December 1, 1993 set out certain revisions in rates which Johnson County proposed to place into effect, said rates being designed to pass on to its customers the expected wholesale decrease in gas costs from its suppliers in the amount of 22.69 cents per Mcf. Johnson County's expected gas cost ("EGC") is $3.7074 per Mcf.

2. Johnson County's EGC includes purchases from Kentucky West Virginia Gas Company ("Ky. West") under its SSS Rate Schedule. Johnson County should inform the Commission in its next GCA filing

of the progress it has made in securing a permanent gas supply to replace Ky. West sales service.

3. Johnson County's notice set out no refund adjustment.

4. Johnson County proposed an actual adjustment ("AA") in the amount of 2.90 cents per Mcf to compensate for under-recovery of gas cost through the operation of its gas cost recovery procedure during the months of July, August, and September 1993. Johnson County's total AA of (34.50) cents per Mcf is designed to correct the current under-recovery as well as under- and over-recoveries from previous quarters.

5. Johnson County's notice set out a current quarter balance adjustment ("BA") in the amount of .12 cents per Mcf. Johnson County did not correctly add its total BA, which should be .56 cent per Mcf. Johnson County's total BA is designed to incorporate the current and previous quarters' BA.

6. The combined effect of the above adjustments is Johnson County's corrected gas cost recovery rate ("GCR") in the amount of $3.3680 per Mcf, which is a decrease of 29.57 cents per Mcf from its last approved rates.

7. Johnson County's adjustment in rates, set out in the Appendix to this Order, pursuant to the GCA provisions approved by the Commission in its Order in Case No. 91-004 dated April 24, 1991, is fair, just, and reasonable, in the public interest, and should be effective with service rendered on and after January 1, 1994.

IT IS THEREFORE ORDERED that:

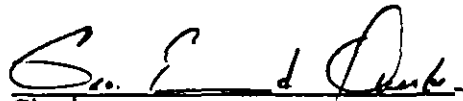1.   Johnson County's proposed rates be and they hereby are denied.

2.   The rates in the Appendix, attached hereto and incorporated herein, are fair, just, and reasonable, and are approved effective with service rendered on and after January 1, 1994.

3.   Within 30 days of the date of this Order, Johnson County shall file with this Commission its revised tariffs setting out the rates authorized herein.

4.   Johnson County's next GCA filing shall include its plans for replacing Ky. West sales service as directed herein.

Done at Frankfort, Kentucky, this 27th day of December, 1993.

PUBLIC SERVICE COMMISSION

Chairman

Vice Chairman

Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 10415-P DATED DECEMBER 27, 1993.

The following rates and charges are prescribed for the customers served by Johnson County Gas Company, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	Base Rate	Gas Cost Recovery Rate	Surcharge	Total
Customer Charge				$3.00
All Mcf	$2.9871	$3.3680	$2.5159	$8.8710

A surcharge of $.4155 per Mcf will be added to the above rates until the obligation owed to Kentucky West Virginia Gas Company has been discharged, or is recalculated.